

Risk Management Mastery

Best Practices in Exposure Risk Assessment

June 20, 2024





Who am I?

Shannon Devane, Program Manager – Municipal Risk Management

- **New role at LAS - June 2022**
- **Risk Manager, City of Vaughan 2017-2022**
- **VP, Risk Management – JLT Canada (now Marsh)**
- **Instructor, McMaster University – Continuing Education RSK 713, 714 and 715**
- **Director of Risk – OMEX – 2010-2015**
- **Previous roles at OMEX and other municipalities**



LAS - Local Authority Services

AMO Business Services Arm

- Created by AMO in 1992 to develop products and services for municipalities
- Non-profit, governed by a board of directors made up of municipal staff and council
- Our mission: Helping Municipalities Work Better

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What is Risk Management?

Risk management is the process of identifying, assessing and controlling financial, legal, strategic and security risks to an organization's capital and earnings.





Who has the data
has the power.

Tim O'Reilly

quote fancy



Risk and Risk Appetite

Where does risk live in your organization?

Who owns risk?

Micro level

Macro level

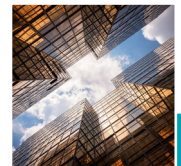
Risk Appetite

“The total exposed amount that an organization wishes to undertake on the basis of risk-return trade-offs for one or more desired and expected outcomes.”



Risk Appetite Framework and Business Plan

Board and Senior Leadership



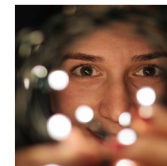
VISION

- Where are we going?
- Future



MISSION

- Why?



VALUES

- What do we believe in?
- Culture

Business Plan

Risk Appetite Framework



Risk Assessment



Identify risks affecting the organization



Include emerging threats and opportunities

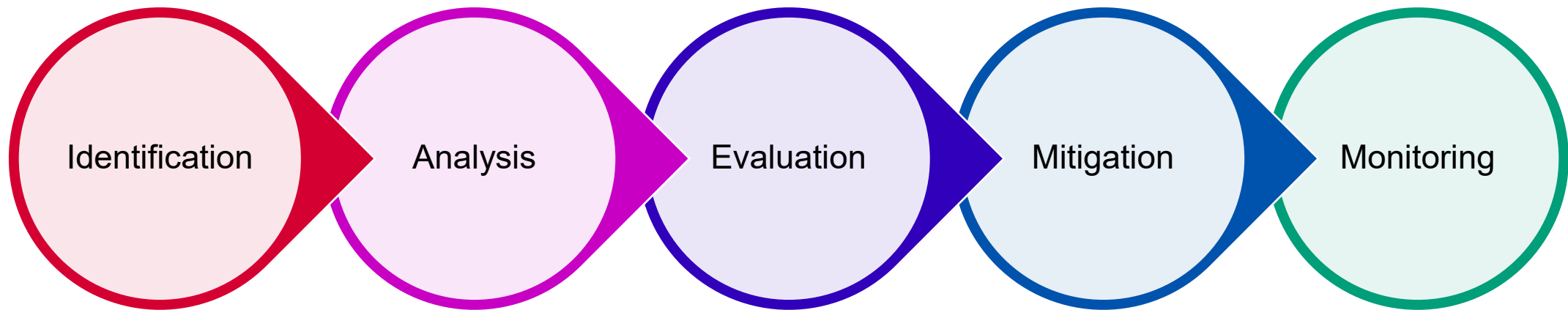


Once identified, risks can be managed

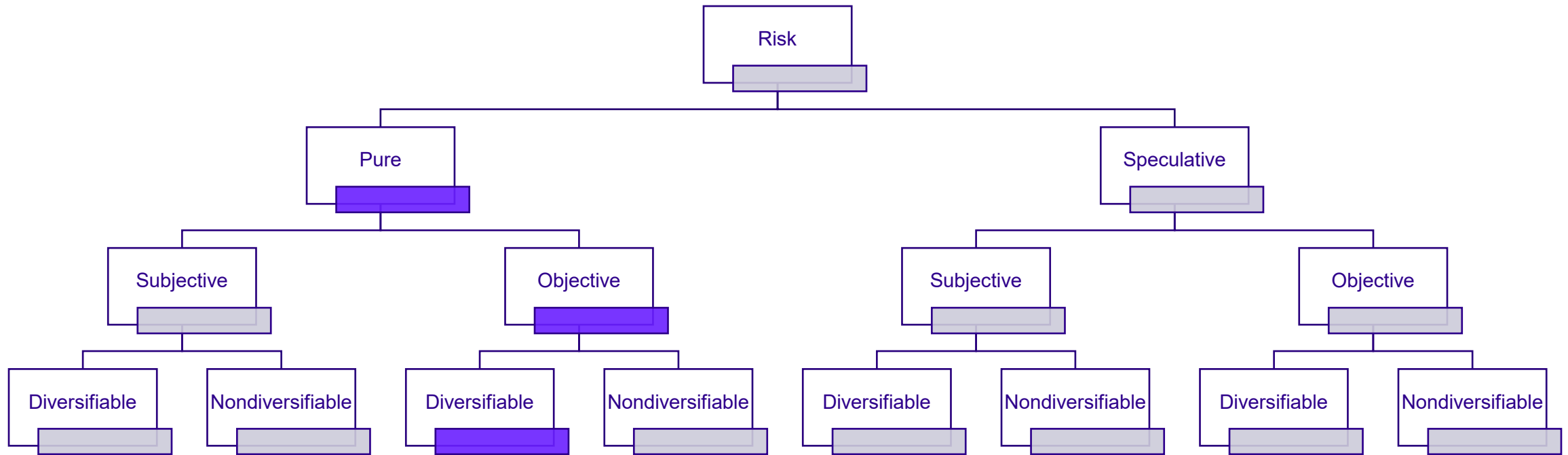


Best treatment available to manage identified risks

Components of Risk Assessment



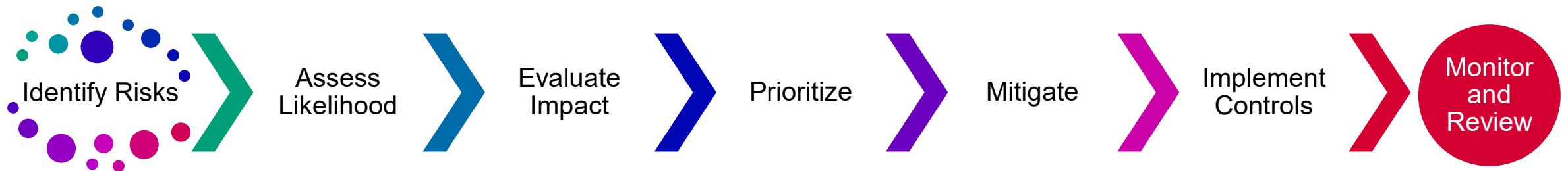
Classifications of Risk



Risk Quadrants



Risk Assessment Process





Identifying Risk - Tools

- ✓ Questionnaires
- ✓ Checklists
- ✓ Workshops
- ✓ Cause and effect analysis
- ✓ Failure analysis
- ✓ Future states analysis
- ✓ Strategy analysis
- ✓ Emerging technologies and smart products

Can be used alone or together



Identifying Risk - Tools

- ✓ **Questionnaires and Checklists**
 - ✓ **Easy to work with**
 - ✓ **Does not produce quantitative results**
- ✓ **Workshops**
 - ✓ **Good at identifying risks at various levels**
 - ✓ **Pro tip – find a good facilitator**
 - ✓ **Brainstorming and Delphi**
- ✓ **Cause and effect analysis**
 - ✓ **5 Whys**
 - ✓ **Fishbone**



Identifying Risk - Tools

- ✓ **Failure analysis**
 - ✓ **Fault tree analysis**
- ✓ **Future states analysis**
 - ✓ **Scenario analysis**
 - ✓ **Monte Carlo simulation**
- ✓ **Strategy analysis**
 - ✓ **SWOT analysis**
- ✓ **Emerging technologies and smart products**
 - ✓ **Sensors**
 - ✓ **Wearables**

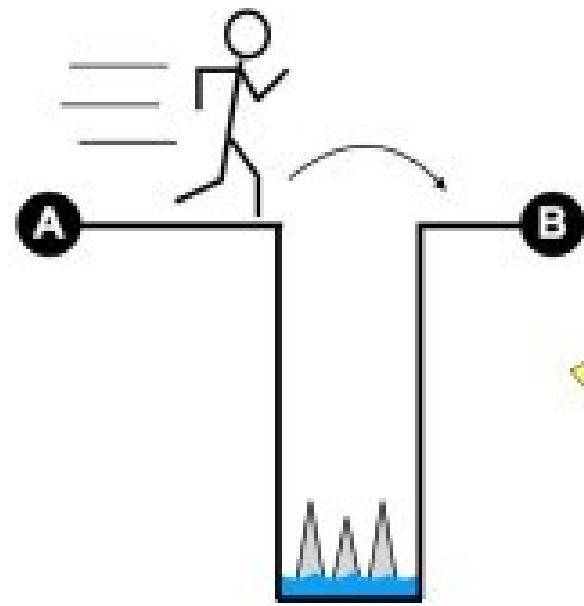
Likelihood and Impact



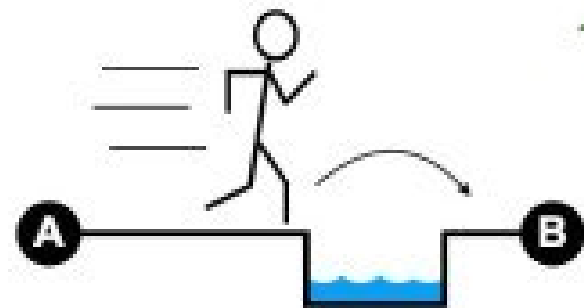
Likelihood and Impact Model

		Likelihood					
		Rare	Unlikely	Moderate	Likely	Almost Certain	
		1	2	3	4	5	
Impact	Severe	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5

Qualitative Risk Assessment Visualization

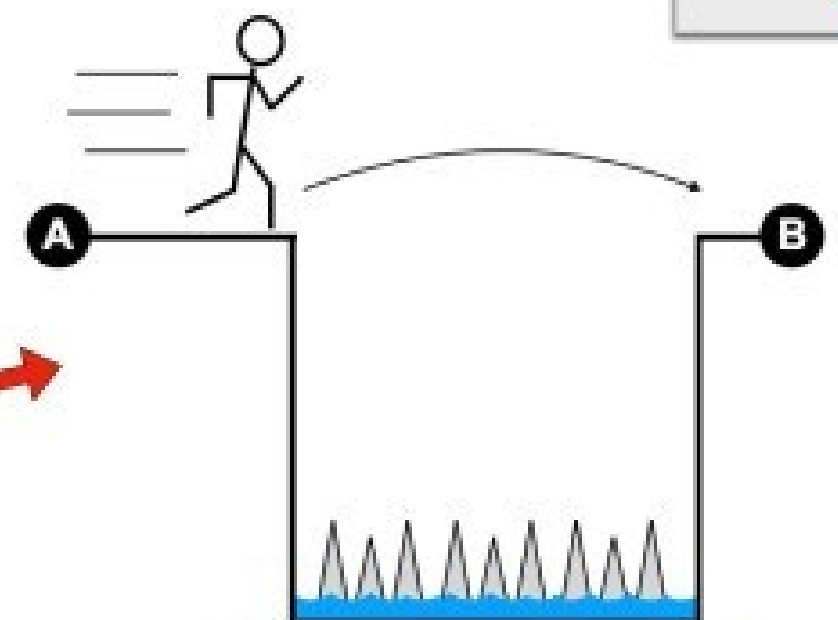


Low Probability, High Impact Risk

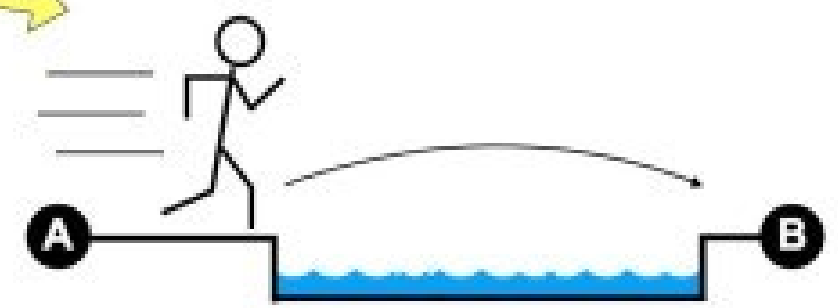


Low Probability, Low Impact Risk

Risk Assessment Matrix				
Impact of Risk (Consequence)	Major Impact	Medium	High	Extreme
	Moderate Impact	Medium	Medium	High
	Minor Impact	Low	Medium	Medium
Risk Exposure = Impact x Probability		Unlikely (0-33%)	Moderately Likely (33%-66%)	Very Likely (66%+)
Probability of Risk (Likelihood)				



High Probability, High Impact Risk



High Probability, Low Impact Risk



Let's continue the conversation

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